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PART 449

TERMINATION OF CONTRACTS

SUBPART 449.1--GENERAL PRINCIPLES

449.106 Fraud or other criminal conduct.

(a) If the contracting officer suspects fraud or other criminal conduct a written report documenting the facts shall be submitted by the head of the contracting activity (HCA) to the Office of Inspector General. Copies of documents or other information connected with the suspected fraud or criminal conduct shall be provided with the report. Concurrently, a copy of the report shall also be submitted to the Senior Procurement Executive.

(b) Depending on the findings of the Office of Inspector General, the HCA may initiate suspension or debarment action as prescribed in [FAR part 9.4](#) and part [409.4](#).

449.111 Review of proposed settlements.

Proposed settlement agreements shall be reviewed and approved in accordance with contracting activity procedures.

SUBPART 449.4--TERMINATION FOR DEFAULT

449.402 Termination of fixed-price contracts for default.

449.402-3 Procedure for default.

In addition to the requirements of [FAR 49.402-3\(g\)](#), the notice of termination shall contain instructions regarding the disposition of any Government property in the possession of the contractor (see [FAR 45.508-1](#)) and, in the case of construction contracts, such materials, appliances, and structures as may be on the site of the construction work. The notice shall also contain a statement concerning the liability of the contractor or its surety for any liquidated damages (see [FAR 49.402-7](#)).

SUBPART 449.5--CONTRACT TERMINATION CLAUSES

449.501 General.

Use of special purpose termination clauses pursuant to the authority of [FAR 49.501](#) shall be approved in advance by the HCA.